

## Message Text

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ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00  
FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04  
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15  
STR-07 CEA-01 PA-02 /103 W  
-----099317 130619Z /23

R 121218Z APR 78  
FM AMEMBASSY TEL AVIV  
TO SECSTATE WASHDC 2510

UNCLAS TEL AVIV 4839

E.O. 11652: N/A  
TAGS: ETRD, EAID  
SUBJECT: ISRAELI EXPORT CREDITS

REF: STATE 83355

1. EXPORT CREDITS IN ISRAEL ARE ALLOCATED THROUGH THE DIRECTED CREDIT PROGRAM ADMINISTERED BY THE CREDIT DEPARTMENT OF THE BANK OF ISRAEL IN COOPERATION WITH VARIOUS GOI MINISTRIES. THE DIRECTED CREDIT PROGRAM INTENDED FOR EXPORT INDUSTRY IS GRANTED PARTLY IN ISRAELI POUNDS AT A LOWER THAN FREE MARKET INTEREST RATE AND PARTLY IN FOREIGN CURRENCY. THE CREDIT IS FUNNELED THROUGH SEVERAL EXPORT FUNDS SET UP BY THE BOI AND COMMERCIAL BANKS WITH ASSISTANCE FROM THE MINISTRY OF COMMERCE AND INDUSTRY AND THE MINISTRY OF AGRICULTURE. THE FUNDS HAVE BEEN SET UP TO HELP LOCAL MANUFACTURERS TO FINANCE THE EXPORT PROCESS AT ALL STAGES. IT DOES NOT, REPEAT, NOT, PROVIDE DIRECT LOANS ABROAD FOR FOREIGN PURCHASES OF ISRAELI PRODUCTS AS WOULD AN EXPORT-IMPORT BANK. THE FINANCING IS PROVIDED THROUGH THE FOLLOWING FUNDS, WITH LOANS GOING DIRECTLY TO THE ISRAELI EXPORTER: (A) EXPORT PRODUCTION FUND; CREDIT IS EXTENDED IN ISRAELI CURRENCY AS 12 PERCENT INTEREST. SIZE OF LOAN AMOUNTS TO IL 12 (TO BE INCREASED IN THE NEAR FUTURE) PER UNCLASSIFIED

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1 US DOLLAR VALUE ADDED OF ORDERED EXPORT. (B) IMPORT FOR EXPORT PRODUCTION FUND; CREDIT EXTENDED IN DOLLARS AT 4 PERCENT INTEREST. SIZE OF LOAN EQUALS THE SUM NEEDED FOR FINANCING THE IMPORT COMPONENT OF THE ORDERED EXPORT. THE CREDITS UNDER (A) AND (B) ARE EXTENDED FOR A TERM OF 4 MONTHS. (C) EXPORT SHIPMENT FUND; CREDIT EXTENDED IN DOLLARS AT 4 PERCENT INTEREST REPAYABLE AFTER 6 MONTHS. SIZE OF LOAN IS

85 PERCENT OF ANTICIPATED RECEIPTS OF EXPORT ORDER. (D) DIAMOND EXPORT FUND; CREDIT EXTENDED IN DOLLARS.  
(E) CITRUS FUND; CREDIT EXTENDED IN ISRAELI CURRENCY.  
COMMERCIAL BANKS, WHICH HANDLE THE LOANS, ASSUME ALL THE RISKS AND CHARGE INTEREST AND THE USUAL COMMISSIONS, SEEK GUARANTEES, AND TAKE ALL OTHER PRECAUTIONARY MEASURES.  
THE BULK OF MONEY FOR THE EXPORT FUNDS IS PROVIDED BY THE BANK OF ISRAEL (PART OF WHICH IS APPROPRIATED BY THE CENTRAL GOVERNMENT BUDGET), AND THE BALANCE BY COMMERCIAL BANKS.

2. AS TO THE SPECIFIC QUESTIONS IN PARA 5 OF THE REFERENCED CABLE:

A. CREDIT DEPARTMENT, BANK OF ISRAEL

B. ISRAEL CENTRAL BANK

C. CREDIT EXTENDED TO SELLER

D. APPROPRIATED FUNDS, THE CENTRAL BANK, AND COMMERCIAL BANKS.

EM FOUR PERCENT ON FOREIGN CURRENCY LOANS, 12 PERCENT ON LOCAL CURRENCY LOANS, PLUS REGULAR COMMERCIAL BANK'S FEES

F. ORDINARY RISKS ASSUMED BY COMMERCIAL BANKS. INDIVIDUAL EXPORTERS CAN INSURE SHIPMENTS WITH THE GOVERNMENT-OWNED FOREIGN TRADE RISKS INSURANCE CO. LTD. AGAINST CERTAIN COMMERCIAL RISKS AND ALL POLITICAL RISKS.

G. N/A

H. N/A

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I. 4 - 6 MONTHS

J. N/A

K. NORMAL SECURITY GUARANTEES REQUIRED BY COMMERCIAL BANKS FROM THE MANUFACTURER OR EXPORTER.

L. NONE

M. NONE.

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CREDIT, EXPORT DATA  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 apr 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Litigation Codes:**  
**Litigation History:**  
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**Message ID:** eb19d0b1-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 STATE 83355  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 29 mar 2005  
**Review Event:**  
**Review Exemptions:** n/a  
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**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2989209  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ISRAELI EXPORT CREDITS  
**TAGS:** ETRD, EAD  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014